

Modifying Order

91 F.T.C.

IN THE MATTER OF

NOSOMA SYSTEMS, INC., ET AL.

MODIFYING ORDER IN REGARD TO ALLEGED VIOLATION OF THE  
FEDERAL TRADE COMMISSION ACT

*Docket C-2841. Final Order, Sept. 28, 1976 — Modifying Order, June 12,  
1978*

This order modifies an order to cease and desist issued on September 28, 1976, 41 FR 50810, 88 F.T.C. 459, by adding particular language to the fourth paragraph of the original order to prevent conflict with the Fair Debt Collection Practices Act.

ORDER GRANTING PETITION TO REOPEN PROCEEDING AND  
MODIFY ORDER TO CEASE AND DESIST

By letter filed on March 27, 1978, petitioners have requested the Commission to modify the consent order to cease and desist. This request is being treated as a petition to reopen the proceeding and modify the order under Rule 3.72(b)(2) of the Commission's Rule of Practice.

Petitioners seek to modify Paragraph Four of the order so that it is not in conflict with the Fair Debt Collection Practices Act. The Bureau of Consumer Protection does not oppose the modification. Therefore, *It is ordered*, That the proceeding be reopened for the purpose requested.

*It is further ordered*, That Paragraph Four be modified by the addition of the following language:

*Provided, however*, that nothing in this paragraph, shall be interpreted as violating the order when in acquiring location information, as that term is defined in Section 803(f) of the Fair Debt Collection Practices Act, the caller identifies his employer, when expressly requested to do so pursuant to Section 804(1) of said Act.

## Complaint

IN THE MATTER OF

## HIKEN FURNITURE COMPANY

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF THE  
FEDERAL TRADE COMMISSION AND TRUTH IN LENDING ACTS

*Docket C-2923. Complaint, June 12, 1978 — Decision, June 12, 1978*

This consent order, among other things, requires a Belleville, Ill. furniture retailer to cease employing bait and switch tactics, and misrepresenting or failing to make relevant disclosures regarding prices, products and service, cooling-off periods, cancellation and refund rights, and the availability of arbitration to resolve consumer disputes. The order further prohibits the use of unfair or deceptive means to induce payment from allegedly delinquent debtors, and requires respondent to provide, in the extension of credit, those materials and disclosures required by Federal Reserve regulations. Additionally, respondent is required to furnish its advertising media with copies of Commission's press release setting forth the terms of the order.

*Appearances*

For the Commission: *Richard A. Palewicz.*

For the respondent: *Neil N. Bernstein, St. Louis, Mo.*

## COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Hiken Furniture Company, a corporation, hereinafter sometimes referred to as respondent, has violated the provisions of said Acts, and the implementing regulation promulgated under the Truth in Lending Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Hiken Furniture Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 218 West Main St., Belleville, Illinois.

PAR. 2. Respondent is now, and for some time last past has been engaged in the advertising, offering for sale, sale and distribution of household furniture and appliances, and services in connection therewith to the general public.

Complaint

91 F.T.C.

## COUNT I

Alleging violations of Section 5 of the Federal Trade Commission Act, the allegation in Paragraphs One and Two hereof are incorporated by reference in Count I as if fully set forth verbatim.

PAR. 3. In the course and conduct of its aforesaid business, respondent has disseminated and caused the dissemination of certain advertisements concerning said products and services by various means in or affecting commerce as "commerce" is defined in the Federal Trade Commission Act, including, but not limited to, advertisements inserted in newspapers of interstate circulation, and in radio and television broadcasts of interstate circulation, for the purpose of inducing, and which was likely to induce, directly or indirectly, the purchase of said products and services; additionally, respondent owns, operates and controls a total of two (2) retail furniture stores located in the States of Illinois and Missouri.

PAR. 4. In the course and conduct of respondent's business and for the purpose of inducing the sale of its household furniture, appliances and services in connection therewith, respondent has made numerous statements and representations in newspaper advertisements, radio and television commercials and oral statements by salesmen to prospective customers.

Typical and illustrative of said statements and representations, but not all inclusive thereof, are the following:

HIKEN WAREHOUSE SALE

3 DAY RIOT SALE

HIKEN 2 DAY SALE

*IF YOU WANT TO SAVE \$100 \$200 \$300 \$400 BUY NOW . . .*

SAVE UP TO 50% AND MORE

EXTRA EXTRA SAVINGS  
SAVE 20% to 60% & MORE

2-PIECE SPANISH STYLE  
LIVING ROOM Reg. \$399.00  
\$199

HUGE SELECTION

WE BOUGHT CARLOADS OF MERCHANDISE . . .

IMMEDIATE  
AVAILABILITY  
-----

1115

Complaint

. . . GIANT FURNITURE VALUES. . .

GIGANTIC VALUE!

NAMES YOU TRUST

. . . ALL ARE GUARANTEED

THIS WEEK ONLY

TUESDAY

TOMORROW ONLY 10' til 4'

SPANISH

DANISH

French

WALNUT SET

. . . Soft Pecan

Built of Select Woods

EASY TERMS

Instant Credit

FREE BONUS GIFT

. . . Free Delivery

PAR. 5. By and through the use of the above-quoted statements and representations, and others of similar import and meaning but not expressly set out herein, separately and in connection with the oral statements and representations of respondent's salesmen to customers and prospective customers, respondent has represented, and is now representing, directly or by implication that:

1. Respondent is making a bona fide offer to sell the advertised merchandise at the prices and on the terms and conditions stated in the advertisements.

2. By and through the use of the words, "SALE," "SAVE," "EXTRA SAVINGS," and other words of similar import and meaning not set out specifically herein, respondent's merchandise may be purchased at special or reduced prices, and purchasers are thereby afforded savings from respondent's regular selling price.

3. The regular selling prices quoted in respondent's advertisements are the amounts at which the advertised merchandise has been sold or offered for sale by respondent for a substantial period of time in the recent, regular course of its business.

4. By and through the use of the words, "Huge Selection," "WE BOUGHT CARLOADS OF MERCHANDISE," and other words of similar import and meaning not set out specifically herein, the advertised merchandise is available in several different sets from which the prospective purchaser may choose.

5. By and through the use of the words, "IMMEDIATE AVAILABILITY," "NO WAITING," and other words of similar import and meaning not set out specifically herein, the advertised merchandise is readily available for sale in quantities sufficient to meet reasonably anticipated demands.

6. There are no charges in addition to the advertised purchase price of respondent's merchandise.

7. By and through the use of the words "GIANT FURNITURE VALUES," "GIGANTIC VALUE!," "NAMES YOU TRUST," and other words of similar import and meaning not specifically set out herein, the durability of the advertised merchandise exceeds reasonable requirements for normal everyday use for a reasonable period of time.

8. The advertised merchandise was guaranteed in every respect without conditions or limitations and would be continually serviced without charge for an unlimited period of time after the delivery of the advertised merchandise to the homes of purchasers.

9. The advertised offer was being made only for a limited period of time.

10. Purchasers of the advertised merchandise are afforded savings of \$100 and more off the prices at which such merchandise is usually and customarily sold at retail.

11. By and through the use of the words, "DANISH," "French," "SPANISH," and other words of similar import and meaning not set out specifically herein, furniture sold by respondent is of a foreign origin.

12. By and through the use of the words, "Walnut Set," "Soft Pecan," "Built of select woods," and other words of similar import and meaning not set out specifically herein, furniture sold by respondent is of solid wood construction.

13. By and through the use of the words, "Instant Credit" and "Easy Terms," purchasers of respondent's merchandise are never refused credit and are granted easy credit terms without regard to their financial status or ability to pay.

14. Free merchandise and services will be given to all purchasers of respondent's advertised products.

PAR. 6. In truth and in fact:

1. The offers set out in respondent's advertisements are not bona fide offers to sell the advertised merchandise.

terms or conditions stated but are made for the purpose of obtaining leads to prospective purchasers.

2. Respondent's merchandise is not being offered for sale at special or reduced prices, and savings are not thereby afforded to their purchasers because of reductions from respondent's regular selling prices. In fact, respondent does not have regular selling prices, but the prices at which respondent's merchandise is sold vary from purchaser to purchaser.

3. The regular selling prices quoted in respondent's advertisements are not the respondent's regular selling prices but constitute fictitious higher prices upon which a deceptive sale comparison or similar offer may be based.

4. The advertised merchandise is not available in several different sets from which the prospective purchaser may choose. To the contrary, respondent has available only a very limited number of selections of the advertised merchandise.

5. All advertised merchandise is not readily available for sale in quantities sufficient to meet reasonably anticipated demands.

6. Respondent makes extra charges as applicable, such as service, finance and life insurance charges over and above the regular advertised price of their merchandise.

7. The advertised merchandise is not of a high quality or durability that exceeds reasonable requirements for normal everyday use for a reasonable period of time. In many instances, respondent sells advertised merchandise only under the express condition that such merchandise is not warranted for any particular use.

8. The advertised merchandise is not guaranteed by respondent and is not continuously serviced without charge for an unlimited period of time.

9. Respondent's advertised offer is not made for a limited period of time. The advertised merchandise is regularly advertised for the represented price or at another so-called reduced price over a period of time greater than the represented limitations.

10. Purchasers of respondent's merchandise advertised in conjunction with the phrase "Save Up To \$100 and More," or terms of similar comparable import or meaning, did not realize savings of the stated percentage amount from the actual prices at which the merchandise so advertised was sold or offered for sale in good faith for a reasonably substantial period of time in the recent regular course of respondent's business.

11. Merchandise advertised in conjunction with the words, "DANISH," "French," or "SPANISH," or terms of comparable import or

meaning, is not of a foreign origin. The advertised merchandise is produced by domestic manufacturers.

12. Merchandise advertised in conjunction with the use of the phrases, "walnut set," "soft Pecan," "Built of select woods," or terms of similar comparable import or meaning, was not of solid wood construction. To the contrary, said phrases merely described the color of a stain finish applied to the exposed surfaces of the merchandise.

13. Purchasers of respondent's merchandise are not granted instant credit or easy credit terms by respondent, without regard to their financial status or ability to pay.

14. Respondent does not give free merchandise and services to all purchasers of its advertised products in accordance with its promises or offers. In many cases, respondent marks up the price of advertised products to include the cost of such gifts or services and frequently advertised merchandise is only given to purchasers who specifically request them when purchasing advertised products.

Therefore, the statements and representations set forth in Paragraphs Four and Five hereof were and are false, misleading and deceptive.

PAR. 7. In the course and conduct of its business and for the purpose of inducing the sale of its household furniture, respondent through the use of pictorial representations in various publications and T.V. commercials, represented directly or by implication that:

1. All of the furniture illustrated in the pictorial representation is being offered for sale at the advertised price.

2. All of the furniture illustrated in the pictorial representation is available for sale in unlimited quantities as a group.

3. Furniture illustrated in the pictorial representation may be purchased at special or reduced prices, and purchasers are thereby afforded savings from respondent's regular selling price.

PAR. 8. In truth and in fact:

1. Respondent offers only part of the furniture in the pictorial representation at the advertised price and makes extra changes as applicable for remaining furniture items in the pictorial representation.

2. All of the furniture in the pictorial representation is not available for sale in unlimited quantities as a group. To the contrary, respondent has available only a very limited number of the advertised groups of furniture.

3. Furniture illustrated in the pictorial representation is not being offered for sale at special or reduced prices, and savings are not afforded to purchasers because of reductions from respondent's

prices, but the prices at which respondent's merchandise is sold vary from purchaser to purchaser.

Therefore, the representations set forth in Paragraph Seven hereinbefore, were, and are, false, misleading and deceptive.

PAR. 9. In the course and conduct of its business and for the purpose of inducing the sale of its furniture, respondent has maintained, and is now maintaining, in its salesrooms, floor models and displays of furniture being offered for sale, on the basis of which its customers select and order the furniture they purchase from respondent.

In this connection, respondent and its sales representatives have made, and are now making, numerous oral statements and representations to customers and prospective customers regarding the quality and durability of the furniture being offered for sale, the terms and conditions under which merchandise will be sold and delivered, and the services that will be provided by respondent.

Moreover, subsequent to making sales and deliveries, respondent and its employees have made, and are now making, numerous oral statements, representations and promises to their customers regarding the time and manner in which respondent will perform various adjustments, replacements and/or repairs.

PAR. 10. By and through the use of the floor models and furniture displays, together with the aforesaid oral statements, representations and promises made by respondent, its sales representatives and other employees, respondent has represented, and is now representing, directly or by implication, that:

1. Furniture sold by respondent will be delivered to the customer free from damages and defects.
2. Furniture which is delivered to purchasers with damages and/or defects will be repaired or replaced within a reasonable time.
3. Furniture which is delivered with damages and/or defects will be repaired or replaced to the satisfaction of the purchasers.
4. Furniture which is delivered to purchasers with damages and/or defects will be repaired or replaced in accordance with promises made to the purchasers by respondent.

PAR. 11. In truth and in fact:

1. In many instances, furniture sold by respondent is delivered to purchasers with damages and/or defects.
2. In many instances, furniture which is delivered to purchasers with damages and/or defects is not repaired or replaced within a reasonable time.
3. In many instances, furniture which is delivered to purchasers with damages and/or defects is not repaired or replaced to the satisfaction of the purchasers.



4. In many instances, furniture which is delivered to purchasers with damages and/or defects is not repaired or replaced in accordance with promises made to the purchasers by respondent's employees.

Therefore, the aforesaid acts, practices, statements and representations regarding respondent's merchandise and service as set forth in Paragraphs Nine and Ten were, and are, false, misleading and deceptive.

PAR. 12. In the further course and conduct of its aforesaid business, and in connection with the representations set forth in Paragraphs, Four, Five, Seven, Nine and Ten above, respondent in offering its furniture for sale has failed to disclose material facts relating to the veneered construction or to the use of plastics with simulated wood appearance in the manufacture of its merchandise.

The aforesaid failure to disclose such material facts to purchasers has the tendency and capacity to mislead or deceive such persons with respect to the utility, construction, composition, durability, design and grade of household furniture sold by respondent.

Therefore, respondent's failure to disclose such material facts was, and is, unfair, false, misleading and deceptive.

PAR 13. In the further course and conduct of its business, and in furtherance of a sales program for inducing the purchase of its furniture and appliances, respondent's salesmen or representatives have in many instances engaged in the following additional unfair, false, misleading and deceptive acts and practices:

1. They have obtained purchasers' signature on blank retail installment contracts and other instruments by making false and misleading representations and deceptive statements, including false and deceptive representations with respect to the nature and effect thereof, to induce purchasers to sign such instruments.

2. Through the use of false, misleading and deceptive statements, representations and practices set forth in Paragraphs Four through Twelve above, respondent or its representatives have been able to induce their customers into signing a contract upon initial contact without giving the customers sufficient time to carefully consider the purchase and consequence thereof.

3. They have failed to disclose certain material facts to purchasers, including but not limited to the fact that, at respondent's option, conditional sales contracts, promissory notes or other instruments of indebtedness executed by such purchasers in connection with their credit purchase agreements may be discounted, negotiated or assigned to a finance company or other third party to whom the purchaser is thereafter indebted and against whom defenses may not be available.

Therefore, the acts and practices, as set forth in Paragraph Thirteen hereof, were, and are, false, misleading and deceptive.

PAR. 14. In the course and conduct of its aforesaid business, and at all times mentioned herein, respondent has been, and is, in substantial competition, in commerce, with corporations, firms and individuals in the sale of merchandise of the same general kind and nature as that sold by respondent.

PAR. 15. The use by respondent of the aforesaid false, misleading and deceptive statements, representations, and acts and practices, has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were, and are, true and complete, and into the purchase of substantial quantities of respondent's products by reason of said erroneous and mistaken belief.

PAR. 16. The aforesaid acts and practices of respondent, as herein alleged, were and are all to the prejudice and injury of the public and of respondent's competitors and constituted, and now constitute, unfair methods of competition in or affecting commerce and unfair and deceptive acts and practices in or affecting commerce, in violation of Section 5 of the Federal Trade Commission Act.

#### COUNT II

Alleging violations of Section 5 of the Federal Trade Commission Act, the allegations of Paragraphs One and Two hereof are incorporated by reference in Count II as if fully set forth verbatim.

PAR. 17. In the course and conduct of its business, as aforesaid, respondent is engaging, and for some time last past has engaged, in the collection of debts allegedly due and owing to Hiken Furniture Company pursuant to contracts or other agreements relating to the purchase of respondent's merchandise.

PAR. 18. In attempting to induce payments of purportedly due or delinquent accounts, respondent and its representatives or agents have sent through the United States mail dunning letters, notices and similar instruments which contain false and misleading statements and representations.

Typical, but not all inclusive of such statements and representations are the following:

Unless we receive a payment within 5 days, we will be forced to file suit immediately thereafter. You will be charged all court costs and collection fees.

This is the final notice.

PAR. 19. By and through the use of the above-quoted statements and

representations, and others of similar import and meaning but not specifically set forth herein, respondent has represented, directly or by implication, that:

1. Respondent has referred, is referring or will refer delinquent accounts to attorneys.
2. Failure to pay the amount claimed as owing within a stated period of time will result in immediate legal action.
3. Once judgment is entered against a debtor, it is impossible for the debtor to avoid payment thereof.
4. Respondent's organization has or maintains a separate legal department with qualified employees serving in this department.

PAR. 20. In truth and in fact:

1. Failure of an alleged debtor to remit money to respondent within time period(s) indicated does not in most instances result in the immediate reference of such matters to attorneys.
2. Failure of an alleged debtor to remit money to respondent within time period(s) indicated does not in most instances result in the immediate institution of legal action to effect payment.
3. It is possible to avoid payment of a judgment, once such is entered, in a matter involving a debt. For instance, resort to bankruptcy proceedings will often avoid the payment of at least part of a judgment. Also, the restrictions and exemptions placed on the collection of judgments make it possible in some instances to avoid the payment of at least part of a judgment.
4. Respondent does not have a separate legal department with qualified employees serving in this department.

Therefore, the statements and representations set forth in Paragraphs Nineteen and Twenty hereof were and are false, misleading and deceptive.

PAR. 21. The use by the respondent of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the tendency and capacity to mislead and deceive members of the public into the erroneous and mistaken belief that said statements and representations were, and are, true and to induce recipients thereof into the payment of alleged delinquent accounts by reason of the said erroneous and mistaken belief.

PAR. 22. The aforesaid acts and practices of respondent as herein alleged were, and are, all to the prejudice and injury of the public and respondent's competitors and constituted, and now constitute, unfair methods of competition in or affecting commerce, and unfair and deceptive acts and practices in or affecting commerce, in violation of Section 5 of the Federal Trade Commission Act.

1115

Complaint

COUNT III

Alleging violations of the Truth in Lending Act and the implementing regulation promulgated thereunder and of the Federal Trade Commission Act, the allegations of Paragraphs One and Two hereof are incorporated by reference in Count III as if fully set forth verbatim.

PAR. 23. In the ordinary course and conduct of its business, as aforesaid, respondent regularly extends, and for some time last past has regularly extended consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 24. Subsequent to July 1, 1969, in the ordinary course of business as aforesaid, and in connection with its credit sales, as "credit sale" is defined in Regulation Z, respondent has caused and is causing customers to execute a binding "Retail Installment Contract" hereinafter referred to as the "Installment Contract." Respondent does not provide these customers with any other credit cost disclosures.

By and through the use of the Installment Contracts, respondent:

1. Induced certain customers to sign installment contracts in blank form. Respondent has subsequently filled in the blank spaces and frequently failed to give those customers a completed copy, thereby failing to furnish those customers any cost or credit disclosures prior to the consummation of the contract as required by Section 226.8(a) of Regulation Z in the manner and form prescribed by Sections 226.8(b) and (c) of Regulation Z.

2. Failed to meet the requirements of Section 226.8(b)(7) of Regulation Z as the contract provides for the right of payment of the full amount due and "under certain conditions" to obtain a partial refund of the finance charge, without further disclosing the "certain conditions" under which prepayment could be made and a partial refund of the finance charge be obtained.

3. Failed to accurately disclose the date on which the finance charge begins to accrue as prescribed by Section 226.8(b)(1) of Regulation Z.

4. Failed to accurately state the "annual percentage rate," as prescribed by Section 226.8(b)(2) of Regulation Z.

5. Failed to disclose the total of payments as prescribed by Section 226.8(b)(3) of Regulation Z.

6. Failed to accurately disclose the number, amount and due dates, or periods of payments, scheduled to repay the indebtedness, as prescribed by Section 226.8(b)(3) of Regulation Z.

7. Failed to state the "unpaid balance of cash price," as prescribed by Section 226.8(c)(3) of Regulation Z.

8. Failed to disclose the amount financed, as required by Section 226.8(c)(7) of Regulation Z.

9. Failed to disclose the "deferred payment price," as prescribed by Section 226.8(c)(8)(ii) of Regulation Z.

10. Failed to include in the finance charge, charges or premiums for fire risk of loss insurance, written in connection with credit transactions when the customer was not given a clear, conspicuous, and specific written statement setting forth the cost of the insurance if obtained from or through respondent and stating that the customer may choose the person through which the insurance is to be obtained as prescribed by Section 226.4(a)(6) of Regulation Z.

11. Failed to include in the finance charge, charges or premiums for credit life, accident, health or loss of income insurance, written in connection with credit transactions when the customer has not given a specific dated and separately signed affirmative written indication of his desire for such coverage as prescribed by Section 226.4(a)(5)(ii) of Regulation Z.

PAR. 25. Pursuant to Section 103(q) of the Truth in Lending Act, respondent's aforesaid failures to comply with the provisions of Regulation Z constituted violations of that Act and, pursuant to Section 108 thereof, respondent has thereby violated the Federal Trade Commission Act.

#### DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Chicago Regional Office proposed to present to the Commission for its consideration, and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having

violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted and executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following orders:

1. Respondent Hiken Furniture Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its office and principal place of business located at 218 West Main St., Belleville, Illinois.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

#### ORDER I

*It Is ordered,* That respondent Hiken Furniture Company, a corporation, its successors and assigns, and its officers, agents, representatives and employees, directly or through any corporation, subsidiary, division or any other device in connection with the purchasing, advertising, offering for sale, sale and distribution of furniture and appliances, or any other products, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using, in any manner, a sales plan, scheme, or device wherein false, misleading, or deceptive statements or representations are made in order to obtain leads or prospects for the sale of merchandise.

2. Making representations, directly or indirectly, orally or in writing, purporting to offer merchandise or services for sale when the purpose of the representations is not to sell the offered merchandise or services but to obtain leads or prospects for the sale of other merchandise or services at higher prices.

3. Discouraging in any manner the purchase of any merchandise or services which are advertised or offered for sale as part of a scheme to sell other merchandise.

4. Failing to maintain and produce for inspection and copying for a period of three years adequate records to document for the entire period during which each advertisement was run and for a period of six weeks after the termination of its publication in press or broadcast media:

a. the cost of publishing each advertisement including the preparation and dissemination thereof;

b. the volume of sales made of the advertised product or service at the advertised price;

c. a computation of the net profit from the sales of each advertised product or service at the advertised price, based upon respondent's normal method of computation.

5. Using the words "Sale," or "Save," "Extra Savings," or any other words of similar import or meaning not set forth specifically herein, unless the immediately preceding price at which bonafide sales have been made of the merchandise being offered for sale is disclosed or can be readily ascertained by disclosure of the stated dollar or percentage price and the price of said merchandise constitutes a recent reduction, in an amount not so insignificant as to be meaningless, from the immediately preceding price or unless a disclosure is made that such merchandise was offered for sale at the immediately preceding price in the recent regular course of respondent's business, and that no sales were made at that price or any other price in the recent past.

6. (a) Representing, directly or indirectly, orally or in writing, that by purchasing any of respondent's merchandise, customers are afforded savings amounting to the difference between respondent's stated price and respondent's former price unless the former price is respondent's immediately preceding price for the advertised merchandise and bona fide sales have been made by respondent at that price in the recent past or unless a disclosure is made that said merchandise was offered for sale at the former price for a reasonably substantial period of time in the recent regular course of respondent's business and that no sales were made at that price or at any other price in the recent past.

(b) Representing, directly or indirectly, orally or in writing that by purchasing any of the respondent's merchandise, customers are afforded savings between respondent's stated price and a compared price for said merchandise in respondent's trade area unless respondent's merchandise and the nature of the compared price are explicitly identified in advertising and at the point of sale through the use of shelf tags or similar means and such merchandise is generally available in principal retail outlets in the trade area at the compared price or some higher price.

(c) Representing, directly or indirectly, orally or in writing, that by purchasing any of respondent's merchandise, customers are afforded savings amounting to the difference between respondent's stated price and a compared value price for comparable merchandise unless the compared value price is explicitly identified in advertising and at the point of sale through the use of shelf tags or similar means and respondent has in good faith conducted a market survey or obtained a

